File

White Consolidated Industries, Inc.

Annual Report 1969

Manufacturers of Machinery and Equipment for Industry and the Consumer

WCI

Contents

GENERAL OFFICES

11770 Berea Road, Cleveland, Ohio 44111

TRANSFER AGENTS

The Cleveland Trust Company *Cleveland*
First National City Bank *New York*

REGISTRARS

The Chase Manhattan Bank *New York*
Central National Bank *Cleveland*

GENERAL COUNSEL

Squire, Sanders & Dempsey *Cleveland*

ACCOUNTANTS

Ernst & Ernst *Cleveland*

For your Information: This year's annual report was printed on a high-speed web offset press manufactured by White Consolidated's American Type Founders Co. subsidiary. In addition, headings were set in ATF foundry type.

The Annual Meeting of White Consolidated Industries will be held at 2:00 PM on Tuesday, May 5, 1970 at the Corporation's headquarters at 11770 Berea Road, Cleveland, Ohio.

WHITE Consolidated Industries, Inc.

Financial Summary

FOR THE YEAR	1969	1968
Net Sales	$767,601,408	$694,868,393
Net Income	29,853,169	27,935,616
Earnings Per Share of Common Stock	2.45	2.34
Cash Dividends Paid	8,674,222	7,716,258
AT YEAR END		
Total Assets	$660,753,503	$620,377,976
Working Capital	184,086,794	185,186,775
Stockholders' Equity	210,063,954	188,657,964
Common Shares Outstanding	10,271,744	9,498,726
Number of Stockholders — Common Stock	23,531	20,292
Number of Employees	25,897	25,773

Directors and Officers

DIRECTORS	DR. EDWARD L. BOWLES	*Wellesley, Mass.*
	VOLLMER W. FRIES	*Cleveland, Ohio*
	J. KENNETH HALL	*New York, N.Y.*
	CHARLES F. HAUCK	*Pittsburgh, Pa.*
	JAMES H. HIGGINS	*Pittsburgh, Pa.*
	ROY H. HOLDT	*Cleveland, Ohio*
	WILLIAM H. JOHNSON	*Cleveland, Ohio*
	MURRAY W. KEELER	*Jamestown, R.I.*
	LEO R. KUNDTZ, SR.	*Cleveland, Ohio*
	JAMES LEIPNER	*New York, N.Y.*
	HUBERT T. MANDEVILLE	*New York, N.Y.*
	EDWARD S. REDDIG	*Cleveland, Ohio*
	JOHN T. SCOTT, JR.	*Cleveland, Ohio*
	ALLAN K. SHAW	*Cleveland, Ohio*
	W. CORDES SNYDER, JR.	*Pittsburgh, Pa.*
	CHARLES M. THORP, JR.	*Pittsburgh, Pa.*
	ALFRED S. WOODWORTH	*Boston, Mass.*

OFFICERS	EDWARD S. REDDIG	*Chairman of the Board and Chief Executive Officer*
	WILLIAM H. JOHNSON	*President*
	ROY H. HOLDT	*Executive Vice President*
	HENRY S. REDDIG	*Senior Vice President*
	WARD SMITH	*Senior Vice President and Secretary*
	WILLARD A. GIDDENS	*Vice President-Finance and Treasurer*
	VINCENT A. CHIARUCCI	*Group Vice President*
	RICHARD E. ISAACSON	*Group Vice President*
	ALBERT MUGFORD	*Group Vice President*
	PAUL F. SALIPANTE	*Group Vice President*
	KARL E. WARE	*Group Vice President*
	CHARLES CONLIN	*Vice President-Industrial Relations*
	T. HERBERT HAMILTON	*Vice President and Assistant Secretary*
	ROBERT DRAINVILLE	*Controller*
	JAMES C. HUGHES	*Assistant Treasurer*
	JAMES M. PORTER	*Assistant Secretary*
	FLOYD E. SHANK	*Assistant Secretary and Assistant Treasurer*

To the Stockholders of WHITE Consolidated Industries, Inc.

Operations in the year 1969 continued to show the pattern of improvement, growth and progress which your company has been able to attain in prior years.

Consolidated net sales in 1969 totaled $767,601,408 in comparison with $694,868,393 in 1968. Income before taxes and extraordinary items amounted to $65,127,429 in 1969, in comparison with the earnings of $53,294,658 reported in 1968. Net income in 1969, after an extraordinary charge of $2,074,260 totaled $29,853,169 in comparison with net income of $27,935,616 in 1968, which included extraordinary income of $1,400,000.

The net extraordinary charge of $2,074,260 is the result of the after tax cost of carrying the Allis-Chalmers common stock of $4,513,734, less an after tax profit of $2,439,474 on the sale of a minority interest in a foreign country.

On a per share basis, earnings before extraordinary items in 1969 amounted to $2.65 in comparison with $2.20 in 1968. Earnings per share after extraordinary items equaled $2.45 in 1969 in comparison with $2.34 in 1968. The per share effect of the extraordinary items was a charge of $.20 per share in 1969 compared with a gain of $.14 in 1968.

In 1969, sales and operating income benefited from the continuing growth and improvements in the operations of substantially all subsidiaries and divisions which make up your company and include a full year's results of operations of Kelvinator, Inc. acquired in July of 1968. Results in Kelvinator by no means reflect its full profit potential. During the year many basic improvements in the internal operations of Kelvinator were finally completed. Among them were the basic change in distribution methods from company owned branches to independent distributors, second the elimination from the Grand Rapids plant of the manufacture of certain parts and components for American Motors Corporation and third the consolidation of all facets of the Kelvinator operation in Grand Rapids. We expect that in 1970 this subsidiary should show a marked improvement over 1969.

In addition to the extraordinary charge, earnings improvements in 1969 were adversely affected by a substantial amount of expense incurred in the fourth quarter in connection with the completion and start up of new expanded facilities at the

Letter to Stockholders
continued

Franklin laundry operation at Webster City, Iowa, and the refrigeration operation at Gibson Products Corporation in Greenville, Michigan. These expansion programs are still not fully completed, but both are designed to greatly increase production capacity and reduce operating costs and should contribute substantially to future earnings capability in each location.

With respect to our interest in Allis-Chalmers, as the result of the refusal by the Supreme Court to review the decision of the United States Court of Appeals for the Third Circuit reversing the United States District Court for the District of Delaware, a preliminary injunction was issued on January 20, 1970, which has, pending the outcome of the trial, halted our efforts to acquire Allis-Chalmers Manufacturing Company in which we own approximately 30% of the outstanding common stock. Your company has in recent months received a number of unsolicited offers to purchase that stock. The possibility of sale together with other methods of handling this situation are being given serious study and consideration.

During 1969 several new agreements were negotiated with unions representing the employees of many of our subsidiaries and divisions. Work stoppage occurred in only two locations, one of minimal duration and the other of twelve weeks. During 1970 union contracts at several locations will expire. Negotiations are presently under way, and we hope that these agreements will be reached without incident.

During the year of 1969 your Board of Directors authorized the payment of cash dividends on common stock totaling $.40 per share, and in addition, an 8% common stock dividend was paid in July of 1969.

The directors also declared regular quarterly dividends on the serial preferred stock at the annual rate of $3.00 per share.

Several management changes of significance were made during the year which have the result of appointing men to senior management positions within the company who combine youth, maturity and experience.

Mr. Edward S. Reddig was elected Chairman of the Board of Directors and Chief Executive Officer. He had been President and Chief Executive Officer since 1956. Mr. William H. Johnson who had been Executive Vice President since 1961 was elected

Letter to Stockholders
continued

President. Mr. Roy H. Holdt, who joined WCI through the acquisition of Apex Electrical Manufacturing Company in 1956, was elected Executive Vice President and a Director.

Mr. Henry S. Reddig, who joined WCI in 1964, was elected Senior Vice President, Mr. Ward Smith was elected senior Vice President and Secretary. He came to WCI in 1966 with the acquisition of Whitin Machine Works. Mr. Willard A. Giddens, who joined WCI in 1967 with the acquisition of Hupp Corporation, was elected Vice President-Finance and Treasurer.

Five executives with varying backgrounds have been elected Group Vice Presidents. Four of these five came from companies acquired by WCI. The new Group Vice Presidents are Messrs. Vincent A. Chiarucci (Hupp Corporation acquired in 1967); Alfred G. Mugford (Jerguson Gage & Valve Company acquired in 1963); Paul F. Salipante (Scott & Williams, Inc. acquired in 1966); Karl E. Ware (Strong, Carlisle & Hammond Company acquired in 1956) and Richard E. Isaacson (who first joined WCI in 1957).

In addition Mr. Charles J. Conlin who joined WCI in 1968 was elected Vice President-Industrial Relations. Mr. T. Herbert Hamilton, formerly with Blaw-Knox Company which was acquired by WCI in 1968 was named Vice President and Assistant Secretary.

We are extremely optimistic with respect to the outlook for the continued growth of your company. However, we recognize that uncertainties in today's economy reflected in high interest rates and tight money together with the possibility of nationwide strikes in other industries make it impractical to forecast 1970 results at this time.

We are pleased that we are able to send you this report of your company's progress, and all of you have our thanks for your continued confidence, support and interest in the affairs of your company.

By Order of the Board of Directors

E. Reddig
Chairman of the Board
and Chief Executive Officer

H. A. Johnson
President

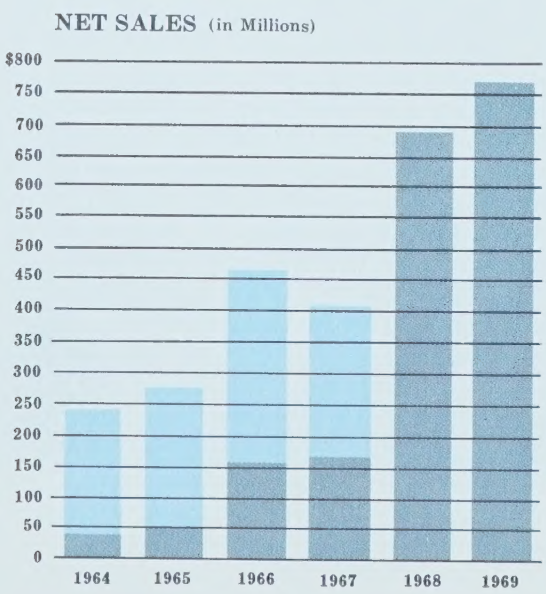
R H Holdt
Executive Vice President

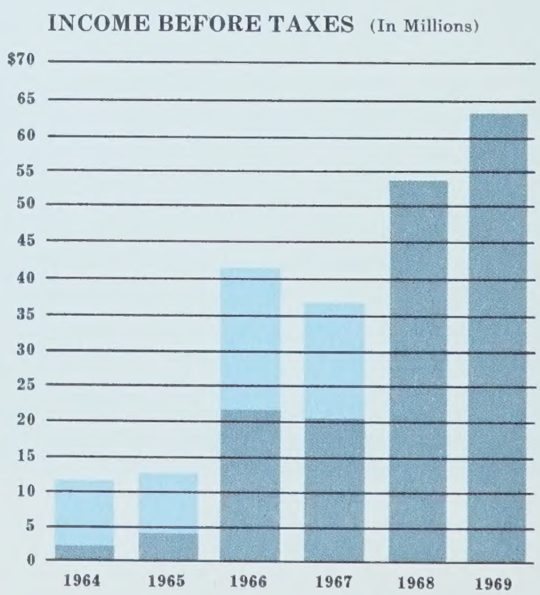
Six Year Record

(as of years ended December 31)

	1969
Net Sales	$767,601,408
Income Before Federal Taxes on Income	63,053,169
Net Income	29,853,169
Net Income Per Share of Common Stock — *Note (1)*	$2.45
Cash Dividends Paid:	
Common	3,955,648
Preferred	4,718,574
By Pooled Companies Prior to Acquisition	—0—
Total Cash Dividends Paid	8,674,222
Common Stock Dividends Paid	8%
Working Capital	184,086,794
Ratio of Current Assets to Current Liabilities	2.0:1
Stockholders' Equity	210,063,954
Book Value Per Share of Common Stock — *Note (2)*	$12.79

Note (1) After provision for dividends paid on Preferred Stock and based on the average number of Common Shares outstanding during the year adjusted to give effect to stock dividends paid and the 2-for-1 stock splits in 1968 and 1966.



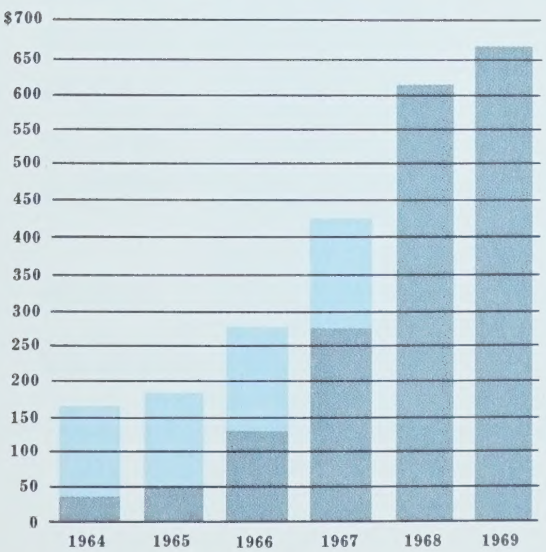


WHITE Consolidated Industries, Inc.

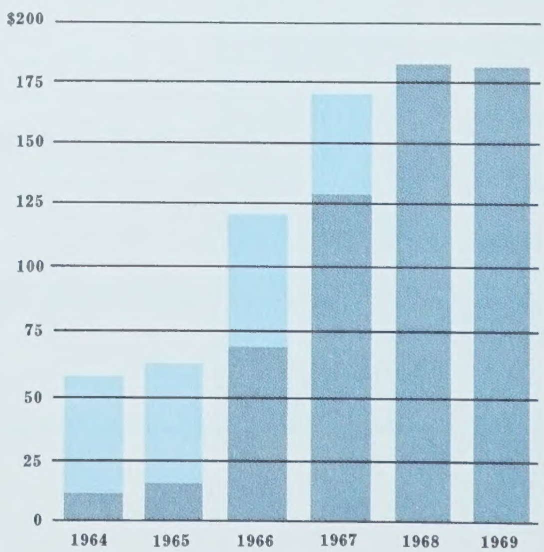
1968	1967	1966	1965	1964
$694,868,393	$415,177,014	$453,739,927	$273,446,946	$239,721,473
54,694,658	37,493,604	41,483,071	12,878,512	12,074,959
27,935,616	19,883,921	23,591,185	6,963,640	6,305,959
$2.34	$1.56	$2.12	$0.48	$0.39
3,079,236	508,541	—0—	—0—	—0—
2,958,168	914,784	764,382	369,326	415,177
1,678,854	3,476,845	3,183,170	3,094,918	3,007,604
7,716,258	4,900,170	3,947,552	3,464,244	3,422,781
2%	6%	5%	—0—	—0—
185,186,775	172,654,615	120,834,400	64,822,911	60,087,669
2.2:1	2.5:1	2.6:1	2.2:1	2.3:1
188,657,964	161,662,969	141,590,407	87,418,557	83,419,660
$10.72	$8.13	$6.62	$3.19	$2.73

Note (2) Adjusted to give effect to stock dividends paid and the 2-for-1 stock splits in 1968 and 1966.

TOTAL ASSETS (In Millions)



WORKING CAPITAL (In Millions)



Adjusted for Companies Acquired in Poolings of Interests

As Originally Reported

Consolidated Balance Sheet

ASSETS	December 31 1969	1968
CURRENT ASSETS		
Cash	$ 27,665,264	$ 23,134,564
Trade receivables, less allowances of $4,264,000 in 1969 and $4,018,000 in 1968	123,925,920	115,081,137
Inventories — *Note B*	220,455,027	199,092,954
Prepaid expenses	3,203,348	3,127,071
TOTAL CURRENT ASSETS	375,249,559	340,435,726
INVESTMENTS AND OTHER ASSETS		
Capital stock of Allis-Chalmers Manufacturing Company — at cost — *Note C*	121,617,500	121,617,500
Investments in affiliates and foreign subsidiaries — at cost (approximates equity)	7,124,789	7,524,598
Deferred charges and other assets	7,125,542	6,627,745
	135,867,831	135,769,843
PROPERTY, PLANT AND EQUIPMENT — on basis of cost		
Land	4,937,668	4,985,036
Buildings	90,659,701	88,293,596
Machinery and equipment	148,580,525	143,537,072
	244,177,894	236,815,704
Less allowances for depreciation and amortization	108,035,770	106,137,286
	136,142,124	130,678,418
EXCESS OF COST OVER PURCHASED NET ASSETS — at cost	13,493,989	13,493,989
	$660,753,503	$620,377,976

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31 1969	1968
CURRENT LIABILITIES		
Notes payable to banks and others	$ 46,762,115	$ 31,530,427
Trade and sundry accounts payable	99,731,365	90,615,475
Accrued and deferred income taxes	21,704,391	13,003,644
Portion of long-term debt payable within one year — *Note D*	22,964,894	20,099,405
TOTAL CURRENT LIABILITIES	191,162,765	155,248,951
LONG-TERM MORTGAGES AND OTHER NOTES — *Note D*	192,322,850	213,290,860
CONVERTIBLE SUBORDINATED DEBENTURES — *Note E*	51,639,100	51,741,200
DEFERRED FEDERAL INCOME TAXES — *Note F*	7,819,413	2,373,043
RESERVES — SERVICE WARRANTIES AND PENSIONS	7,745,421	9,065,958
STOCKHOLDERS' EQUITY — *Notes D, E, G and H*		
Preferred Stock	78,642,900	78,642,900
Common Stock — par value $1 a share: Authorized 50,000,000 shares Outstanding 10,271,744 shares	10,271,744	9,498,726
Other capital	63,267,559	41,804,242
Retained income	57,881,751	58,712,096
	210,063,954	188,657,964
	$660,753,503	$620,377,976

See notes to financial statements.

Statement of Consolidated Income

	Year Ended December 31 1969	1968
Net sales	$767,601,408	$694,868,393
Other income — net	7,914,655	3,984,216
	775,516,063	698,852,609
Costs and expenses (including depreciation and amortization, computed principally on the straight-line method, of $10,521,190 in 1969 and $10,025,176 in 1968):		
Cost of products sold	621,824,850	559,054,182
Selling, general and administrative expenses	72,447,081	74,861,210
Interest	16,116,703	11,642,559
	710,388,634	645,557,951
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	65,127,429	53,294,658
Income taxes and in 1968 charge in lieu of income taxes of $822,043 — *Note F*	33,200,000	26,759,042
INCOME BEFORE EXTRAORDINARY ITEMS	31,927,429	26,535,616
Extraordinary items — *Note K*	(2,074,260)	1,400,000
NET INCOME	$ 29,853,169	$ 27,935,616
Earnings per common share based on average shares outstanding:		
Income before extraordinary items	$ 2.65	$ 2.20
Extraordinary items	(.20)	.14
Net income	$ 2.45	$ 2.34
Earnings per common share assuming full dilution — *Note L:*		
Income before extraordinary items	$ 2.34	$ 1.93
Extraordinary items	(.17)	.12
Net income	$ 2.17	$ 2.05

See notes to financial statements.

WHITE Consolidated Industries, Inc.

Statement of Consolidated Common Stock, Other Capital and Retained Income

	COMMON STOCK		OTHER	RETAINED
	SHARES	AMOUNT	CAPITAL	INCOME
Balance January 1, 1968	9,899,438	$ 4,515,267	$33,126,249	$43,941,413
Net income				27,935,616
Dividends:				
Cash:				
Serial Preferred Stock—$3.00 a share—annual rate				(2,922,240)
Common Stock — $.325 a share				(3,079,236)
In Common Stock — 2%		67,806	4,303,013	(4,370,819)
Exercise of stock options and conversion of debentures	89,186	66,961	1,377,318	
Par value of shares issued as a two-for-one stock split		4,598,692	(4,598,692)	
Issuance of Common Stock — *Note C*	270,000	250,000	7,687,500	
Other transactions			(91,146)	(2,792,638)
Balance December 31, 1968	10,258,624	9,498,726	41,804,242	58,712,096
Net income				29,853,169
Dividends:				
Cash:				
Serial Preferred Stock—$3.00 a share—annual rate				(4,718,574)
Common Stock — $.385 a share				(3,955,648)
In Common Stock — 8%		760,646	21,248,646	(22,009,292)
Common Stock sold under stock option plans	9,563	8,972	117,004	
Adjustment relative to conversion of debentures	3,557	3,400	97,667	
Balance December 31, 1969	10,271,744	$10,271,744	$63,267,559	$57,881,751

See notes to financial statements.

Statement of Consolidated Source and Application of Funds

	Year Ended December 31	
SOURCE OF FUNDS	**1969**	**1968**
From operations:		
Net income	$29,853,169	$27,935,616
Depreciation and amortization	10,521,190	9,425,176
Deferred taxes (noncurrent)	4,294,000	1,256,109
	44,668,359	38,616,901
Decrease (increase) in working capital	1,099,981	(12,532,160)
	$45,768,340	$26,084,741
APPLICATION OF FUNDS		
Cash dividends paid	$ 8,674,222	$ 7,716,258
Additions to property, plant, and equipment — net	15,984,896	21,824,744
Decrease (increase) in other long-term debt	20,968,010	(18,229,647)
Other	141,212	14,773,386
	$45,768,340	$26,084,741

See notes to financial statements.

Accountants' Report

Stockholders and Board of Directors
White Consolidated Industries, Inc.
Cleveland, Ohio

We have examined the consolidated financial statements of White Consolidated Industries, Inc. and subsidiaries for the year ended December 31, 1969. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to the effect of the resolution of the matter described in Note C, the accompanying balance sheet and statements of income, common stock, other capital and retained income and source and application of funds, present fairly the consolidated financial position of White Consolidated Industries, Inc. and subsidiaries at December 31, 1969, and the consolidated results of their operations, changes in stockholders' equity, and consolidated source and application of funds for the year then ended, in conformity with generally accepted accounting principles which, except for the changes described in Note B, which we approve, have been applied on a basis consistent with that of the preceding year.

Cleveland, Ohio
February 27, 1970

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Notes to Financial Statements

December 31, 1969

References to shares of Common Stock in the financial statements and the following notes have been adjusted to reflect the June, 1969 8% stock dividend.

NOTE A — Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and all of its domestic and Canadian subsidiaries. The accounts of Canadian subsidiaries have been translated at appropriate rates of exchange and the resulting gains or losses (not material in amount) are reflected in operations. Upon consolidation all significant intercompany items and transactions have been eliminated.

NOTE B — Inventories

Inventories are priced at lower of cost (principally first-in, first out) or market and consist of the following:

Finished products, merchandise and service parts	$113,382,708
Manufacturing and contract work in process, raw materials and supplies, less progress billings on contracts of $4,280,867	107,072,319
TOTAL	$220,455,027

In 1969 certain of the Corporation's subsidiaries changed their method of accounting for major long-term construction contracts from the completed-contract to the percentage-of-completion method. Under the latter method, income is recognized based on the estimated stage of completion of individual contracts as determined by Corporation engineers. Contract work in process represents the excess of accumulated costs and progress profits over billings on uncompleted contracts.

Accordingly, net sales for 1969 include $62,219,037 of contract revenues related to uncompleted contracts at December 31, 1969, and net income after provision for deferred federal income taxes was increased $2,474,664 or $.24 a share.

Also, in 1969, certain of the Corporation's subsidiaries changed the method of determining cost of certain inventories from the last-in, first-out to the first-in, first-out method. Accordingly, net income after provision for deferred federal income taxes was increased by $883,675 or $.09 a share.

NOTE C — Capital Stock of Allis-Chalmers Manufacturing Company

In December, 1968, the Corporation acquired 3,248,000 shares of Allis-Chalmers Manufacturing Company common stock for cash, notes payable, and Common Stock. Management indicated its intention to acquire control of this company.

Subsequent to the Corporation's acquisition of the Allis-Chalmers shares, Allis-Chalmers commenced litigation seeking, among other things, to prevent the Corporation from voting its Allis-Chalmers shares, from acquiring any additional Allis-Chalmers shares and from taking any other action to acquire Allis-Chalmers. In January, 1970, the Federal District Court for the District of Delaware, acting pursuant to an order of the U. S. Court of Appeals for the Third Circuit, entered a preliminary injunction prohibiting the Corporation, pending final determination of the lawsuit, from voting its Allis-Chalmers shares or taking any other action which would have the effect of giving the Corporation representation on the Allis-Chalmers Board of Directors and from increasing its holdings of Allis-Chalmers shares.

The Corporation intends to proceed in a trial on the merits of this matter which, if successful, would result among other things in a dissolution of the preliminary injunction. The Corporation believes its legal position is sound. Neverthless should Allis-Chalmers prevail in the trial on the merits, the Corporation would dispose of the Allis-Chalmers common stock it now holds.

Allis-Chalmers has published earnings for the year ended December 31, 1969, of $18,422,667. Of this amount, approximately $4,900,000 is applicable to the shares held by the Corporation. No portion of this amount is included in the Corporation's financial statements for 1969.

The Corporation believes that the price of $77,546,000 indicated by the New York Stock Market trading on February 27, 1970, is substantially less than the value of the block of Allis-Chalmers stock that it holds.

Notes to Financial Statements

Continued

NOTE D — Long-Term Mortgages and Other Notes

	TOTAL	PORTION PAYABLE WITHIN ONE YEAR	PORTION PAYABLE AFTER ONE YEAR
Unsecured notes to banks and insurance companies — 5.75% to 9%, payable in installments to 1978	$179,021,851	$15,512,951	$163,508,900
Other debt related to the acquisition of businesses — 5% to 9.5%, payable in installments to 1977	27,241,256	6,950,506	20,290,750
Plant mortgages and capitalized lease obligations — payable in installments to 1991	9,024,637	501,437	8,523,200
TOTALS	$215,287,744	$22,964,894	$192,322,850

The loan agreements with respect to the long-term debt place certain restrictions on the payment of dividends on Common Stock (other than stock dividends) and require the Corporation to maintain working capital, as defined, of not less than $175,000,000. Approximately $8,267,046 of the retained income was available for payment of cash dividends on Common Stock at December 31, 1969.

NOTE E — Convertible Subordinated Debentures

The 5½% debentures are due in 1992 with 5% sinking fund payments commencing in 1978 and are convertible into Common Stock at the conversion price of $28.37 per share. The debentures are redeemable by the Corporation at $104.95 (such redemption price declining by $.275 each year to 1987). At December 31, 1969, 1,820,200 common shares were reserved for conversion of the debentures.

NOTE F — Federal Income Taxes

The income tax expense of $29,076,000 consists of: taxes paid or payable of $19,800,000 and tax effect of timing differences resulting from inter-period income tax allocation.

The deferred tax accounts are the result of recognition of differences between the periods in which certain transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income.

NOTE G — Preferred Stock

Serial Preferred Stock, $3.00 — par value $50 a share:

Authorized 2,000,000 shares

Outstanding:

Series A —	272,437 shares	$13,621,850
Series B —	94,972 shares	4,748,600
Series C —	1,205,449 shares	60,272,450
	TOTAL	$78,642,900

The Serial Preferred Stock is entitled to receive cumulative cash dividends at the rate of $3.00 a share per annum before any dividends are paid upon or set apart for Common Stock. Upon involuntary liquidation, the holder of each share is entitled to $50.00, plus accumulated unpaid dividends, and such shares are redeemable, beginning in 1971 as to Series A, and 1973 as to Series B and C, at the option of the Corporation, at $52.50 a share (such redemption price declining by $.50 each year for five years). The Corporation is required to redeem, at $50.00 a share, specified amounts of such shares beginning in 1971 as to Series A, 1973 as to Series B, and 1974 as to Series C.

NOTE H — Stock Options

The Corporation has granted options to certain key employees to purchase Common Stock at market price at date of grant. The options expire five years from date of grant and become exercisable in schedule amounts on a cumulative basis during the life of the respective options.

A summary of the option transactions during the year follows:

		OPTION PRICES		MARKET
	SHARES	PER SHARE	TOTAL	PRICES
Outstanding at January 1, 1969	604,309	$ 4.83 to $24.52	$11,502,185	
Granted	32,750	22.88	749,156	$ 749,156
Became exercisable	137,334	4.83 to 24.52	2,514,983	3,463,795
Exercised	9,563	4.83 to 22.17	125,976	273,469
Terminated	52,470	11.78 to 24.10	1,188,333	
Outstanding at December 31, 1969	575,026	4.83 to 24.52	10,937,032	
Exercisable at December 31, 1969	325,705	4.83 to 24.52	5,533,190	
Reserve for future options	36,872			

In addition to the above, options for 12,614 shares of Common Stock and 6,424 shares of Serial Preferred Stock, $3.00 — Series C, with an aggregate option price of $327,040, assumed in connection with a prior acquisition, were oustanding and exercisable.

There have been no charges or credits to income in connection with the options and none are anticipated.

NOTE I — Contingent Liabilities

The Corporation is contingently liable for certain notes receivable (principally secured by title retention contracts or chattel mortgages on equipment) sold with recourse, for dealer finance repurchase agreements, and foreign subsidiaries debt, all aggregating approximately $38,000,000. In the opinion of management, adequate reserves have been provided.

NOTE J — Pension Plans

The Corporation has many pension plans including deferred compensation plans. The total pension expense charged to the statement of consolidated income in 1969 was $6,380,007 which generally included amortization of prior service cost. In general, accrued pension costs are funded. The actuarially computed value of vested benefits at the latest valuation date exceeded the total of the pension funds and balance sheet accruals at December 31, 1969, by approximately $22,599,000.

NOTE K — Extraordinary Items

The extraordinary items in 1969 consist of a charge of $4,513,734 representing the interest expense on certain terms notes incurred for carrying the Allis-Chalmers Manufacturing Company common stock and a credit from the gain of $2,439,474 from the sale of a foreign investment, both net of related income taxes of $4,124,000.

NOTE L — Earnings Per Common Share Assuming Full Dilution

In accordance with the requirements of the Accounting Principles Board, the Corporation has computed earnings per common share assuming full dilution, which may result from the conversion of debentures and the exercise of outstanding stock options.

The Great Companies that are WCI

... The Companies that manufacture machinery and equipment for industry ... and for the consumer.

Aetna Standard Engineering Company
Ellwood City, Pennsylvania

Air Wall
Paramount, California

American Type Founders Co., Inc.
Nashville, Tennessee; Elizabeth, New Jersey; Joplin, Missouri

Apex Fibre-Glass Products
Cleveland, Ohio

Aurora Steel Products
Aurora, Illinois

Blaw-Knox Company
Pittsburgh, Pennsylvania

Blaw-Knox Chemical Plants, Inc.
Pittsburgh, Pennsylvania

Blaw-Knox Construction Equipment, Inc.
Mattoon, Illinois

Blaw-Knox Equipment, Inc.
Blawnox, Pennsylvania; Jackson, Mississippi

Blaw-Knox Food & Chemical Equipment, Inc.
Buffalo, New York

Blaw-Knox Foundry & Mill Machinery, Inc.
Pittsburgh, Pennsylvania; East Chicago, Indiana; Wheeling, West Virginia

Boyer-Campbell & Sales Inc.
Detroit, Michigan

Briney Bushing, Inc.
Pontiac, Michigan

The Bullard Company
Bridgeport, Connecticut

Copes-Vulcan, Inc.
Lake City, Pennsylvania

Fayscott Landis Machine Corporation
Dexter, Maine

Franklin Manufacturing Company
St. Cloud, Minnesota; Webster City, Iowa; Jefferson City, Iowa

Franklin Manufacturing Company (Canada) Ltd.
Galt and Guelph, Ontario

Gibson Products Corporation
Greenville and Belding, Michigan

Hupp, Inc.
Cleveland, Ohio

Hupp Canada Ltd.
L'Assomption, Quebec

Jerguson Gage & Valve
Burlington, Massachusetts

Kelvinator, Inc.
Grand Rapids, Michigan

Kelvinator Commercial Products, Inc.
Manitowoc, Wisconsin

Kelvinator of Canada Ltd.
Galt, Ontario

The Lees-Bradner Company
Cleveland, Ohio

Leland-Gifford Company
Worcester, Massachusetts

Loren Dyer Co., Inc.
Portland, Maine

Marsh Valve Company
Dunkirk, New York

Mobile Products
Cleveland, Ohio

Perfection Infra-Red
Cleveland, Ohio

Perfection Products
Waynesboro, Georgia

Richards-Wilcox Manufacturing Co.
Aurora, Illinois

Robinson Orifice Fitting Company
Houston, Texas

Sarco Company, Inc.
Allentown, Pennsylvania

Scott & Williams, Inc.
Laconia, New Hampshire; High Point, North Carolina

Specialty Valve & Controls
Fairview, Pennsylvania

Standard Sewing Equipment Corporation
New York, New York

Strong, Carlisle & Hammond
Cleveland and Canton, Ohio

Super-Trol and Economy Pump
Cleveland, Ohio

Typhoon Air Conditioning
Brooklyn, New York

White Consolidated Industries, Ltd.
Scarborough, Ontario

White Sewing Machine Company
Cleveland, Ohio

Whitin Machine Works, Inc.
Charlotte, North Carolina; Whitinsville, Massachusetts

White Consolidated Industries, Inc.

Manufacturer of Machinery and Equipment
for Industry and the Consumer

Annual Report for the year ended December 31, 1969

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